

City of Rochester
City Administrator's Office

Memo

To: Mayor and City Council

From: Stevan E. Kvenvold 

Date: March 27, 2003

Subject: Hydrant Rental Fees

The costs of providing water hydrants for fire fighting purposes has been funded by the City's general fund revenues and the expense has been assigned to the Fire Department budget. The budgeted expense for hydrant fees in 2003 is \$337,406.

The City staff has had several discussions over the past few years on whether the hydrant expenses should be funded by general revenues or assigned to the Water Utility and funded by user charges. Valid arguments can be made for both positions.

The Fire Department has surveyed several cities to determine their procedure in regards to funding fire hydrants and it appears that most cities fund fire hydrants thru their water utilities. (See attached).

It appears that the City's general fund revenues will be significantly reduced by the anticipated budget balancing actions of the State Legislation and the City's ability to increase general revenues will be strictly limited. Therefore, I am recommending that the City Council consider transfer of the fire hydrant costs from the General Fund to the Water Utility Fund.

Rochester Public Utilities (RPU) is currently proposing a 4% increase in water rates, primarily to fund the capitol expenses associated with new development and the T.H. 52 reconstruction project.

I discussed with Larry Koshire, RPU General Manager, my intention to recommend to the Mayor and Council that the hydrant rental charge be transferred from the General Fund to the Water Utility Fund. Larry has discussed this matter with the Utility Board, and the Utility Board adopted the following motion on 3/25/03:

"The Board recommends that the Council approve the implementation of a community fire protection charge of \$1.00 per customer per month for residential customers and \$2.00 per month per customer for commercial/industrial customers."

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Pursuant to City Charter requirements, the Utility Board establishes the utility rates or charges and the Mayor/City Council can concur or reject.

If the Mayor/City Council concurs with the proposed community fire protection charge, it is proposed that the recommended charge be implemented May 1, 2003.

There are approximately 28,000 residential water customers and approximately 2,900 commercial/industrial water customers.

Attached for your information is a comparison of Rochester's water rates with the water rates of other communities.

Enclosure

Hydrant Rental
1993-2002

1993	187,231
1994	205,934
1995	211,946
1996	216,469
1997	222,464
1998	231,247
1999	239,833
2000	248,790
2001	291,665
2002	<u>324,105</u>
	2,379,684

2003	
Budget	337,406

Finance Dept
3/25/2003

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Kvenvold, Steve

From: Koshire, Larry
Sent: Wednesday, March 26, 2003 10:07 AM
To: Kvenvold, Steve
Subject: FW: Utility Board Motion on Community Fire Protection Charge Passed 3/25/03

Steve

I thought I should communicate my approach to the Board and thought process on recommending the "community fire protection charge". As I indicated to you previously, I was concerned with loading the cost into the commodity charge. There needed to be a analysis done on appropriate cost allocation etc. Considering the costs the city paid for fire protection, it was apparent the \$1 per customer (meter) option would cover the costs, be applied fairly, not unduly change the commodity charge (and utility competitive position), and be easily explained.

In communicating this to the Board, I indicated the request from City administration was to consider paying the fire protection charge from water rate payers (because of budget constraints). My recommendation to the Board was to have the Board recommend to the Council this cost be recovered in a separate "community fire protection charge", rather than directly through the rates. After some discussion, and a realization of the State Budget crisis and need for community fees to cover other community costs, the Board passed the resolution noted.

Note, no date for implementation was noted. In fairness to the public, we would notice the proposal in the PB, and of course the Council would consider next Monday. If the Council is favorable to the charge, we could discuss the proper approach to approval and implementation. I realize you would like implementation as soon as possible. I'd suggest if the council approves, we could have a May or June implementation. Since it would only be a half year, we'd assume the quarterly payments now scheduled would cover the first half of 2003. As this was a new idea yesterday, staff is now in the process of evaluating how best to include in the water tariff. I'm thinking Terry Adkins would want the Board to pass a revised rate tariff to implement this change.

Larry

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-----Original Message-----

From: Kathy Wilson

Sent: Wednesday, March 26, 2003 8:49 AM

To: Larry Koshire

Subject: Utility Board Motion on Community Fire Protection Charge Passed 3/25/03

"The Board recommends that the Council approve the implementation of a community fire protection charge of \$1.00 per customer per month for residential customers and \$2.00 per customer per month for commercial/industrial customers."

Kathy Wilson

Assistant to the General Manager

Rochester Public Utilities

4000 East River Road NE

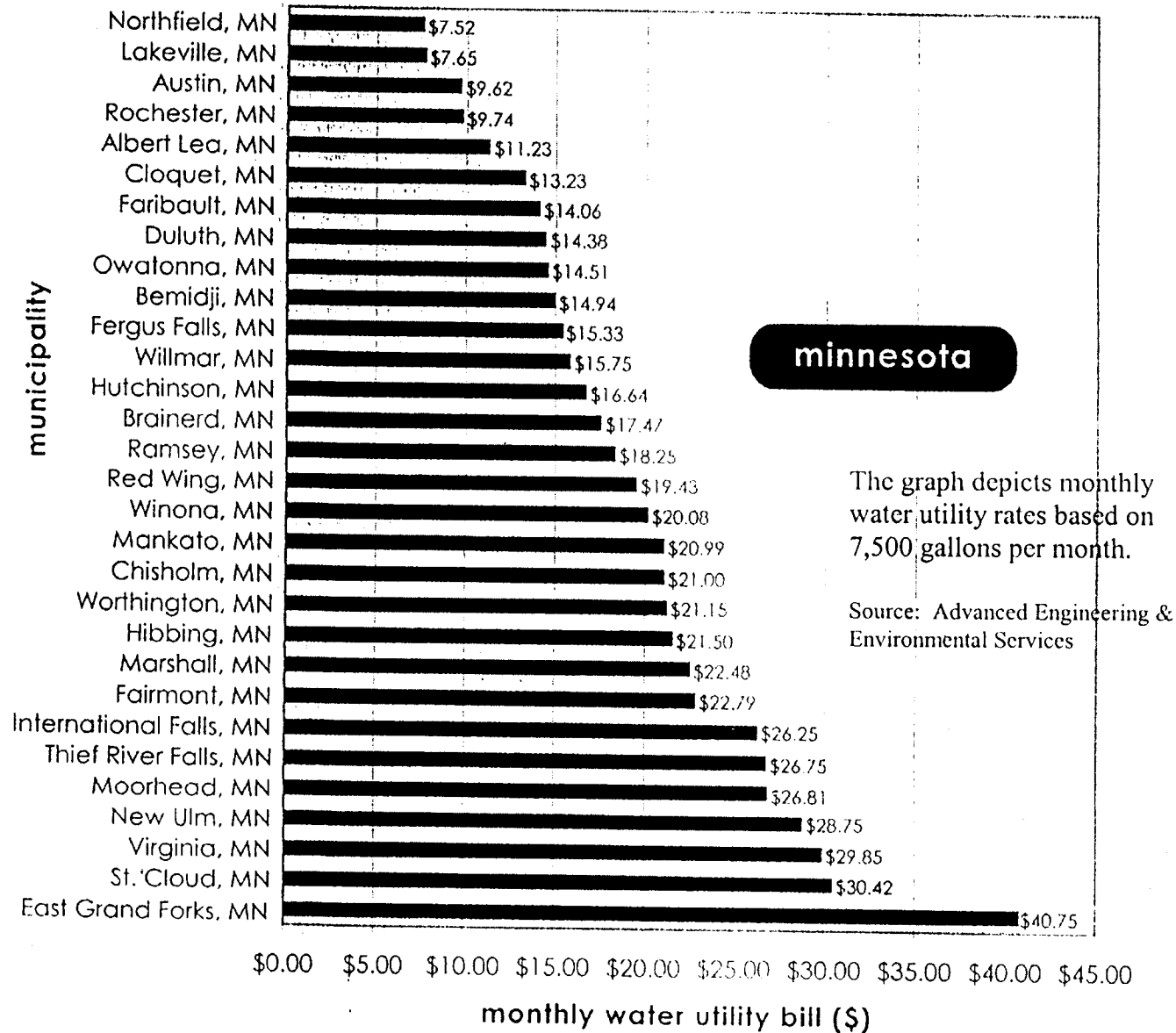
Rochester, MN 55906

Telephone (507) 280-1602

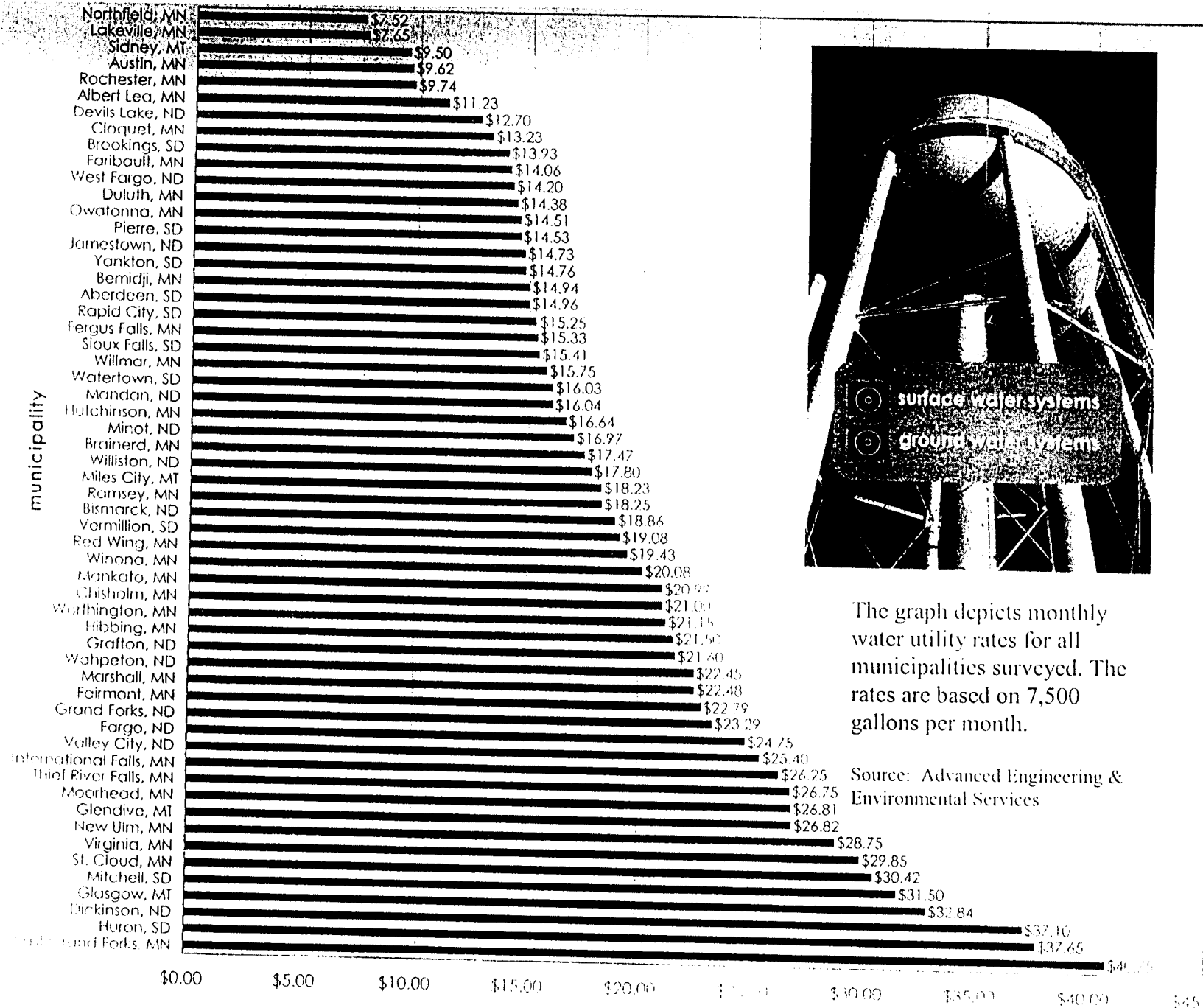
Fax (507) 280-1692

"We Pledge, We Deliver."

Water Utility 2002 Regional Utility Rate Survey



Water Utility 2002 Regional Utility Rate Survey



Fire Hydrant Rental Rates

Bloomington:	Bloomington Utilities does not charge any fire hydrant fees to the fire department.
Brooklyn Park:	The fire department does not pay any kind of fire hydrant rental fee.
Duluth:	The Gas & Water Supply Division of Duluth Public Works pays Duluth Fire Department \$30,000 per year to help with fire hydrants (check them, check caps, dig out from snow, and do some flow testing). 2,200 hydrants; Public Works "maintains" them.
Moorhead:	Public Service Department charges Moorhead Fire Department \$40/hydrant/year (\$3.33/month/hydrant); 1074 hydrants; 2002 charges = \$42,917; February 2003 = \$3623.04
Owatonna:	F.D. has never had to pay a fee.
St. Cloud:	F.D. no longer pays fire hydrant rental fee. They haven't for a couple of years.
St. Paul:	Water Utility Department owns and maintains hydrants (not city entity). There is no charge to the fire department.
Superior, WI:	In 2002, Superior F.D. paid Superior Water, Light & Power Company \$782,000. Now it's off the F.D. budget and is on property taxes.

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Kapler, David

From: Rich Sydnes [rsydnes@city.albertlea.org]
Sent: Monday, February 24, 2003 8:43 AM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

We pay a \$5 rental fee per hydrant per year. This is just a random figure.

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

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Kapler, David

From: Ed Krall [EKrall@cityhall.luminet.net]
Sent: Thursday, February 20, 2003 1:38 PM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

Winona - NO

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes/Albert Lea; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?

Thanks.

Kapler, David

From: Ron Payne [ron.payne@ci.burnsville.mn.us]
Sent: Thursday, February 20, 2003 3:33 PM
To: 'Mike Monge'; Al Ratzloff (E-mail); Dan Wilson; Kapler, David; Ed Krall (E-mail); Mark Holmes (E-mail); Mike Johnson (E-mail); Rich Sydnese (E-mail); Scott Nelson (E-mail)
Subject: RE: Favor

In Burnsville we have initiated the following charges this year!

- False alarm charges after the 3rd alarm \$100
- Gas line encroachment charges \$200
- Vehicle extrication \$300
- Care facility "lift assists." \$200 Daycare inspections \$50

Ron

Ron Payne, Chief
Burnsville Fire Department
100 Civic Center Parkway
Burnsville MN 55337
952-895-4571
ron.payne@ci.burnsville.mn.us

-----Original Message-----

From: Mike Monge [mailto:mmonge@ci.faribault.mn.us]
Sent: Thursday, February 20, 2003 11:12 AM
To: Al Ratzloff (E-mail); Dan Wilson; Dave Kapler (E-mail); Ed Krall (E-mail); Mark Holmes (E-mail); Mike Johnson (E-mail); Rich Sydnese (E-mail); Ron Payne; Scott Nelson (E-mail)
Subject: Favor

Since we are all asking for help with the budget situation, I need to know if anyone is charging for response services or is planning on doing so. If you do, could you please send me your information. Thanks..

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Kapler, David

From: Ron Payne [ron.payne@ci.burnsville.mn.us]
Sent: Thursday, February 20, 2003 12:56 PM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

Burnsville doesn't! Ron

Ron Payne, Chief
Burnsville Fire Department
100 Civic Center Parkway
Burnsville MN 55337
952-895-4571
ron.payne@ci.burnsville.mn.us

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes/Albert Lea; Ron Payne; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

2/20/2003

Kapler, David

From: Dan Wilson [Dwilson@ci.austin.mn.us]
Sent: Thursday, February 20, 2003 11:04 AM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

Yes, \$ 65,000 this year. There is a per hydrant fee.

How much do you need to trim your budget?

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes/Albert Lea; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

Kapler, David

From: Mike Monge [mmonge@ci.faribault.mn.us]
Sent: Thursday, February 20, 2003 11:11 AM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

We don't..

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes/Albert Lea; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

Kapler, David

From: Ratzloff, Al [aratzloff@city.mankato.mn.us]
Sent: Thursday, February 20, 2003 11:02 AM
To: Kapler, David; Tom Brace/MN State Fire Marshal; Brian Staska/Riverland; Dan Wilson/Austin; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnese/Albert Lea; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: RE: Hydrant Rental Charges

Mankato does not. -al

*Al Ratzloff, Deputy Director - Fire
Mankato Fire Division
300 Madison Ave.
Mankato, MN 565001
507-387-8703
aratzloff@city.mankato.mn.us*

-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Ratzloff, Al; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnese/Albert Lea; Ron Payne/Burnsville; Scott Nelson/Red Wing
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

Kapler, David

From: Nelson, Scott [Scott.Nelson@ci.red-wing.mn.us]
Sent: Thursday, February 20, 2003 11:06 AM
To: Kapler, David
Subject: RE: Hydrant Rental Charges

We used to have rental charges, but they were removed three years ago. The water dept is an enterprise fund and must have enough revenue to offset costs. Once the charges were removed from the FD budget, the cost was passed on to the end user....S

Scott Nelson
Deputy Public Safety Director – Fire Division
City of Red Wing
Ph: (651) 385-3695
Fx: (651) 388-5951
Scott.Nelson@ci.red-wing.mn.us



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-----Original Message-----

From: Kapler, David [mailto:dkapler@ci.rochester.mn.us]
Sent: Thursday, February 20, 2003 11:05 AM
To: Tom Brace/MN State Fire Marshal; Al Ratzloff/Mankato; Brian Staska/Riverland; Dan Wilson/Austin; David Kapler/Rochester; Don Beckering/FIRE-EMS Center; Ed Krall/Winona; Mark Holmes/Hastings; Mike Johnson/Owatonna; Mike Monge/Faribault; Patrick Sheehan/MN State Fire Marshal office; Rich Sydnes/Albert Lea; Ron Payne/Burnsville; Nelson, Scott
Subject: Hydrant Rental Charges

To help me balance my budget cuts, I would appreciate the following information. Do any of you pay hydrant rental charges to your water utility? How is it computed?
Thanks.

Kapler, David

From: Mark Holmes [MHolmes@ci.hastings.mn.us]
Sent: Monday, February 24, 2003 2:40 PM
To: Kapler, David
Subject: FW:

Dave we do not pay hydrant fees for use. Unless I'm missing something I don't see the need. Mark. The attachment below was in Todays St. Paul paper.

-----Original Message-----

From: Paul Seleski
Sent: Monday, February 24, 2003 11:45 AM
To: Mark Holmes
Subject:

Paul J. Seleski pseleski@ci.hastings.mn.us
Fire / Rescue Training Coordinator
City of Hastings Fire / Rescue / EMS
Hastings, MN. 55033
651.480.6159
651.303.0205 Cell
651.437.5956 Fax